

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5060-01  
Bill No.: HB 1950  
Subject: Taxation and Revenue - Income; Taxation and Revenue - Property; Licenses -  
Miscellaneous; Business and Commerce  
Type: Original  
Date: March 5, 2014

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Bill Summary: This proposal would require statements of no tax due to be presented with local business license issuances or renewals and with any bid to perform work on publicly-funded projects.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
General Revenue	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
School District Trust	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Conservation Commission	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Parks, and Soil and Water	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 9 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
<b>Local Government</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>	<b>\$0 or Unknown</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Revenue (DOR)** assume this proposal would require businesses to possess a "no tax due" statement for issuance or renewal of licenses or with any bids to perform publically funded projects. DOR officials assume this proposal would have a positive impact to Total State Revenues.

**Oversight** assumes this proposal could result in additional revenues for the state and for local governments. For fiscal note purposes, Oversight will indicate \$0 or Unknown additional revenue from an increase in the collection of delinquent taxes for those state funds which receive payroll and sales taxes, and for local governments.

ASSUMPTION (continued)

Administrative impact

DOR officials assume Collections and Tax Assistance (CATA) would have additional customer contacts as a result of this proposal, and would require one additional Revenue Processing Technician I for additional contacts to the field offices. This technician would require CARES equipment and license.

DOR officials assume Withholding Tax would not require additional employees but may need to provide assistance to validate whether businesses have delinquencies.

DOR officials provided an estimate of the cost to implement this proposal including one additional employee with benefits, expense, and equipment. The DOR estimate totaled \$42,690 for FY 2015, \$41,356 for FY 2016, and \$41,783 for FY 2017.

**Oversight** notes this proposal would add an additional requirement for businesses to provide a statement of "no tax due" and assumes the proposal would increase the number of tax clearance letter requests that DOR would process. Oversight assumes DOR could absorb any administrative impact related to this proposal with existing resources. If unanticipated additional costs are incurred or if multiple proposals are implemented which result in additional workload, resources could be requested through the budget process.

ASSUMPTION (continued)

IT impact

DOR officials did not provide an estimate of IT cost to implement this proposal, and Oversight assumes the additional requests would be processed using existing systems and procedures.

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from **Missouri State University (MSU)** stated this proposal would add administrative duties for MSU. MSU officials stated that the additional cost is not large, but it does take additional time and puts more responsibility on the owner. It is estimated that it would cost the university approximately \$1,600 annually to add this management procedure.

**Oversight** assumes any additional cost as a result of this proposal would be minimal and could be absorbed with existing resources.

Officials from the **Joint Committee on Administrative Rules**, the **Office of Administration - Division of Facilities Management, Design, and Construction**, and **Division of Purchasing**, the **Department of Conservation**, the **Department of Economic Development - Divisions of Business and Community Services**, **Missouri Housing Development Commission**, and **Missouri Development Finance Board**, the **Department of Natural Resources**, **Linn State Technical College**, **Missouri Western State University**, the **University of Central Missouri**, the **University of Missouri**, **Northwest Missouri State University**, the **St. Louis County Directors of Elections**, the **Little Blue Valley Sewer District**, and the **Northwest Regional Council of Governments** assume this proposal would have no fiscal impact on their organizations.

ASSUMPTION (continued)

Not responding

Officials from the following counties: Andrew, Audrain, Barry, Bates, Boone, Buchanan, Callaway, Camden, Cape Girardeau, Carroll, Cass, Clay, Cole, Cooper, DeKalb, Franklin, Greene, Holt, Jackson, Jefferson, Johnson, Knox, Laclede, Lawrence, Lincoln, Marion, Miller, Moniteau, Monroe, Montgomery, New Madrid, Nodaway, Ozark, Perry, Pettis, Phelps, Platte, Pulaski, Scott, St. Charles, St. Louis, St. Francois, Taney, Warren, Wayne and Worth did not respond to our request for information.

Officials from the following cities: Ashland, Belton, Bernie, Bonne Terre, Boonville, California, Cape Girardeau, Clayton, Columbia, Dardenne Prairie, Excelsior Springs, Florissant, Frontenac, Fulton, Gladstone, Grandview, Harrisonville, Independence, Jefferson City, Joplin, Kansas City, Kearney, Knob Noster, Ladue, Lake Ozark, Lebanon, Lee Summit, Liberty, Louisiana, Maryland Heights, Maryville, Mexico, Monett, Neosho, O'Fallon, Pacific, Peculiar, Popular Bluff, Raytown, Republic, Richmond, Rolla, Sedalia, Springfield, St. Charles, St. Joseph, St. Louis, St. Robert, Sugar Creek, Sullivan, Warrensburg, Warrenton, Webb City, Weldon Spring and West Plains did not respond to our request for information.

Officials from the following school districts: Blue Springs, Branson, Charleston R-I, Cole R-I, Columbia, Fair Grove, Francis Howell, Fulton, Harrison R-IX, Independence, Jefferson City, Johnson County R-7, Kansas City, Kirksville, Kirbyville R-V, Lee's Summit, Malden R-I, Malta Bend, Mexico, Monroe City R-I, Nixa, Parkway, Pattonville, Raymore-Peculiar R-III, Raytown, Riverview Gardens, Sedalia, Sikeston, Silex, Special School District of St. Louis County, Spickard, St Joseph, St Louis, St. Charles, Sullivan, Warren County R-III, and Waynesville did not respond to our request for information.

Officials from the following colleges: Crowder, East Central Community College, Harris-Stowe, Jefferson College, Kansas City Metro Community College, Lincoln University, Moberly Area Community College, Missouri Southern State University, Southeast Missouri State University, State Fair Community College, St. Charles Community College, St. Louis Community College, Three Rivers Community College, and Truman State University, did not respond to our request for information.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
<b>GENERAL REVENUE FUND</b>			
<u>Additional Revenue</u> - delinquent tax collections	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
<b>SCHOOL DISTRICT TRUST FUND</b>			
<u>Additional Revenue</u> - delinquent tax collections	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICT TRUST FUND</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
<b>CONSERVATION COMMISSION FUND</b>			
<u>Additional Revenue</u> - delinquent tax collections	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON CONSERVATION COMMISSION FUND</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>
<b>PARKS, AND SOIL AND WATER FUNDS</b>			
<u>Additional Revenue</u> - delinquent tax collections	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
<b>ESTIMATED NET EFFECT ON PARKS, AND SOIL AND WATER FUNDS</b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>	<b><u>\$0 or Unknown</u></b>

FISCAL IMPACT - Local Government

FY 2015  
(10 Mo.)

FY 2016

FY 2017

**LOCAL GOVERNMENTS**

Additional Revenue - delinquent tax  
collections

\$0 or Unknown

\$0 or Unknown

\$0 or Unknown

**ESTIMATED NET EFFECT ON  
LOCAL GOVERNMENTS**

**\$0 or Unknown**

**\$0 or Unknown**

**\$0 or Unknown**

FISCAL IMPACT - Small Business

This proposal could have a minor fiscal impact to small businesses which would be required to obtain and present the statement of no tax due when applying for a business license or renewal or with any bid to perform work on publicly-funded projects.

FISCAL DESCRIPTION

This proposal would require statements of no tax due to be presented with local business license issuances or renewals and with any bid to perform work on publicly-funded projects.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.



## SOURCES OF INFORMATION

Office of the Secretary of State  
Joint Committee on Administrative Rules  
Office of Administration  
    Division of Facilities Management, Design, and Construction  
    Division of Purchasing  
Department of Conservation  
Department of Economic Development  
Department of Natural Resources  
Department of Revenue  
Linn State Technical College  
Missouri State University  
Missouri Western State University  
Northwest Missouri State University  
University of Central Missouri  
University of Missouri  
Little Blue Valley Sewer District  
St. Louis County Directors of Elections  
Northwest Regional Council of Governments

Mickey Wilson, CPA  
Director  
March 5, 2014



Ross Strope  
Assistant Director  
March 5, 2014